Market Analysis and Outlook: June 8 - June 15, 2018

Global Economy

In the Eurozone, GDP growth contracted to 0.4% in Q2 2018 from 0.7% in Q1 2018, according to seasonally adjusted data from Eurostat. The slowdown was driven by a significant contribution from external demand and contraction in manufacturing to -1.3% from 1.8%. However, there was a rise in growth of household consumption to 0.5% from 0.2%. Exports receded to growth of 1.4% to 1.5% in Q4 2017. In another development, according to Riks, China’s trade surplus narrowed to $43.8 billion in May, a 62.56% decline from $40.51 billion year-on-year. Import recorded a 2% growth to $49.27 billion year-on-year. While China’s manufacturing output remained stable, its consumer price index rose 0.2% from the previous month.

Inflation rate (%) (y-o-y) 11.89 11.50 10.80

Money Market

The returns on various money market instruments remained unchanged this week. The OBB rate remained stable at 1.4% at the beginning of the week. The interbank rate dropped from 6.0% to 5.5% on Monday and then rose to 6.5% on Tuesday. However, the CBN’s open market operation resulted in some upward pressure on money market rates. The 14-day OMO sold was at 8.5% while the 28-day OMO was at 8.25%.

Bond Market

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